

HOUSE BILL 966

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HB 1236/02 - ECM

2003 Regular Session
3lr2301
CF 3lr2300

By: **Delegate McHale**

Introduced and read first time: February 14, 2003
Assigned to: Rules and Executive Nominations
Re-referred to: Economic Matters, February 27, 2003

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 13, 2003

CHAPTER _____

1 AN ACT concerning

2 **Homeowner's Insurance - Cancellation**

3 FOR the purpose of authorizing an insurer to cancel a certain policy of homeowner's
4 insurance under certain circumstances; and generally relating to the
5 cancellation of a policy of homeowner's insurance.

6 BY repealing and reenacting, with amendments,
7 Article - Insurance
8 Section 27-501(d)
9 Annotated Code of Maryland
10 (2002 Replacement Volume and 2002 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Insurance**

14 27-501.

15 (d) (1) With respect to automobile liability insurance, an insurer may not:

16 (i) cancel, refuse to renew, or otherwise terminate coverage for an
17 automobile insurance risk because of a claim, traffic violation, or traffic accident that
18 occurred more than 3 years before the effective date of the policy or renewal; or

1 (ii) refuse to underwrite an automobile insurance risk because of a
2 claim, traffic violation, or traffic accident that occurred more than 3 years before the
3 date of application.

4 (2) With respect to homeowner's insurance, an insurer may not:

5 (i) cancel, refuse to renew, or otherwise terminate coverage for a
6 homeowner's insurance risk because of a claim that occurred more than 3 years before
7 the effective date of the policy or renewal; or

8 (ii) refuse to underwrite a homeowner's insurance risk because of a
9 claim that occurred more than 3 years before the date of application.

10 (3) AN INSURER MAY CANCEL A POLICY OF HOMEOWNER'S INSURANCE
11 UNDER WHICH A ONE-TIME GUARANTEED FULLY REFUNDABLE DEPOSIT IS
12 REQUIRED FOR A STATED AMOUNT OF COVERAGE, IF THE CANCELLATION:

13 (I) TAKES EFFECT ON THE ANNIVERSARY DATE OF THE
14 INCEPTION OF THE POLICY;

15 (II) IS NOT BASED ON A CLAIM THAT OCCURRED MORE THAN ~~5~~ 3
16 YEARS BEFORE THE ANNIVERSARY DATE OF THE POLICY ON WHICH THE PROPOSED
17 CANCELLATION WOULD TAKE EFFECT; AND

18 (III) IS OTHERWISE IN ACCORDANCE WITH THIS SUBTITLE.

19 (4) [Paragraphs (1) and (2) of this subsection do] THIS SUBSECTION
20 DOES not apply to a claim involving conviction of the insured or applicant for fraud or
21 arson.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2003.